



Date: 26 January 2023  
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**TO: MEMBERS OF THE EAST RENFREWSHIRE INTEGRATION JOINT BOARD**

Dear Board Member

**EAST RENFREWSHIRE INTEGRATION JOINT BOARD – 21 SEPTEMBER 2022**

Please find attached the undernoted item marked “to follow” on the agenda for the meeting of the Integration Joint Board on Wednesday 1 February 2023.

Yours faithfully

**Anne-Marie Monaghan**

Chair

**Undernote referred to:-**

Item 9 – Budget Update.

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<b>Meeting of East Renfrewshire Health and Social Care Partnership</b>	Integration Joint Board
<b>Held on</b>	1 <sup>st</sup> February 2023
<b>Agenda Item</b>	9
<b>Title</b>	Revenue Budget 2023/24 Update
<p><b>Summary</b></p> <p>To provide the Integration Joint Board with an update on the 2023/24 budget following the Scottish Government budget announcement and 15 December 2022.</p>	
<b>Presented by</b>	Lesley Bairden (Chief Financial Officer)
<p><b>Action Required</b></p> <p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> <li>• note the report</li> <li>• agree the content and process for budget consultation work</li> </ul>	
<p><b>Directions</b></p> <p><input type="checkbox"/> No Directions Required</p> <p><input type="checkbox"/> Directions to East Renfrewshire Council (ERC)</p> <p><input type="checkbox"/> Directions to NHS Greater Glasgow and Clyde (NHSGGC)</p> <p><input checked="" type="checkbox"/> Directions to both ERC and NHSGGC</p>	<p><b>Implications</b></p> <p><input checked="" type="checkbox"/> Finance</p> <p><input type="checkbox"/> Policy</p> <p><input type="checkbox"/> Workforce</p> <p><input type="checkbox"/> Equalities</p> <p><input checked="" type="checkbox"/> Risk</p> <p><input type="checkbox"/> Legal</p> <p><input type="checkbox"/> Infrastructure</p> <p><input type="checkbox"/> Fairer Scotland Duty</p>

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**EAST RENFREWSHIRE INTEGRATION JOINT BOARD**

**1<sup>st</sup> February 2023**

**Report by Chief Financial Officer**

**REVENUE BUDGET 2023/24 UPDATE REPORT**

**PURPOSE OF REPORT**

1. To advise the Integration Joint Board on the impacts to the 2023/24 budget following the Scottish Government budget announcement on 15 December 2022.

**RECOMMENDATIONS**

2. The Integration Joint Board is asked to:
  - note the report
  - agree the content and process for budget consultation work

**BACKGROUND**

3. The Scottish Government set out its proposed budget position for 2023/24 on 15 December 2022. This settlement was in line with discussion at the IJB budget seminar on 18 November 2022 and confirms we are facing a difficult and challenging year ahead.

**REPORT**

4. The main messages, relevant to the IJB, from the proposed budget settlement are included in the Scottish Government letters of 15 December included at Appendices 1 and 2.
5. The letter at Appendix 1 relates to the NHS funding settlement and confirms a 5.9% year on year uplift. This includes pay settlement funding to be allocated in the current financial year so the key message for 2023/24 is a 2% uplift. The letter also confirms there is no clawback of funding included in 2022/23 for the costs of the National Insurance uplift now reversed and this modest gain is offsetting pay pressures.
6. This letter also recognises ongoing Covid-19 legacy costs and those pertinent to the IJB are vaccination and PPE. We expect to receive further detail on this.
7. There is a commitment to review non-recurring and bundle funding ahead of the 2023/24 budget and this is welcomed; clearly as much detail as possible that can be confirmed early gives us greater certainty for forward planning.
8. The specific section on Health and Social Care integration confirms:
  - In line with previous years, 2023-24 NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2022-23 agreed recurring budgets and make appropriate provision for 2022-23 pay.

## 6

- The Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by non-recurring Interim Care money ending (£20 million).
  - The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.
  - The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and, therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.
9. The letter at Appendix 2 relates to the Local Government funding settlement and in relation to health and social care reiterates the bullet points as above. As detailed in the budget monitoring report East Renfrewshire Council has passed through a proportionate share of the pay award funding the council received for the current year.
10. The initial review of the Scottish Government proposed budget settlements means we could get c£3.4 million towards next year's costs coming from the 2% uplift to eligible NHS budgets, share of the £95 million to meet living wage and uplift to Free Personal and Nursing Care rates. Whilst this of course is welcomed there is no flexibility and still leaves us with significant cost pressures in the coming years.
11. The financial modelling shared at the budget seminar, showing the potential cost pressures and funding gap across the next 3 years continues to be refined. A number of factors are still to be confirmed including the impact of the current year pay award for some staff groups and the national care home contract uplift as examples.
12. Looking at 2023/24 the cost pressures we are facing, inclusive of the £3.4 million detailed above range from £7.4 to £12.6 million allowing for low / medium and high modelling of pay award and inflation scenarios. For every 1% change (up or down) in pay and care inflation the pressures would reduce or increase by c£1m.
13. The savings proposals identified to date equate to £2.2 million for next year so the funding gap would be in the region of £5.2 to £10.4 million and the table below shows how this remaining gap is split between cost and demand.

	Low £m	Medium £m	High £m
Cost driven pressures	2.0	4.0	5.9
Demand for services	3.2	3.8	4.5
Total Potential Funding Gap	5.2	7.8	10.4

14. The cost pressures, demand analysis and funding allocations will continue to be refined prior to the proposed budget to the IJB in March. Where there is any possibility of reducing the existing cost base this will be applied (supported by local and national benchmarking of assumptions), however it unlikely we will be able to close the resulting gap without further reduction in care and in staffing costs.
15. We do have a further £2.2 million of savings identified for 2024/25 and 2025/26 and are considering if some proposals can be brought forward; however there is a real tension with limiting capacity to meet current operational demand and allow sufficient capacity to deliver change and associated savings in 2023/24.

16. As with the budget position pre-Covid the only significant areas of flexibility we have are within care costs and in staffing so these are the areas we will have to consider to close the final funding gap. The tension is not about a choice of savings it is about managing the best we can and making the most effective and efficient use of our resources.
17. In the past we have had a focus on investment work that supports prevention and early intervention to avert crisis, as well as providing care to those whose needs are the most complex. In the coming year we will have to introduce a prioritisation framework and this will mean that only those with the greatest level of need will receive services.
18. As an illustration, when our Care at Home workforce capacity was reduced this meant that only those whose care needs were of the highest level received a homecare service over the Christmas period. The significant pressure on our finances may drive us to only providing support to those in greatest need across all our services going forward. This means preventative and early intervention work is unlikely to be an option.
19. We will need to work across our network of partners to look at how we can all collectively support our residents going forward. We know that the longer term impact of moving away from a focus on prevention will lead to greater complexity of needs and demand in future years.
20. Staffing will need to reduce and we will aim to do this on a voluntary basis as far as possible. We will need to be opportunistic where vacancies arise and maximise any flexibility we can. Our staff have demonstrated time and time again their commitment and willingness to work in so many different ways over the last three years and we will be asking so much more of them. We also recognise our staff are key to identifying how we can work differently going forward.
21. We are not expecting any Covid-19 funding next year, out with those areas above, with exit strategies in place, however we will need to absorb any additional costs such as providing absence cover for front facing services.
22. The additional day annual leave from the current year pay award will also need to be absorbed for some staff groups.
23. It is unlikely we will have any smoothing reserves to take into 2023/24 to allow us any time to bed in change, so we may find that there is not equitable levels of support between individuals for a period of time, until all review work can be completed.
24. We will continue to minimise all non-essential costs for the foreseeable future.

### **Next Steps**

25. Between now and the end of March we will continue to refine our financial planning assumptions and bring a detailed budget proposal for the IJB to consider on 29 March 2023.
26. We will undertake engagement with a range of stakeholders and the proposed approach is included at Appendix 3 for the IJB to comment on and approve.
27. We will also engage in a series of discussions with our staff side colleague to ensure full trade union engagement and ensure full staff communication.
28. The results of the engagement will be shared with the IJB and a further budget seminar arranged prior to the meeting on 29 March 2023.

## IMPLICATIONS OF THE PROPOSALS

### Finance

29. The potential impacts on the budget position for 2023/24 are set out in this report. The IJB will consider a detailed budget proposal for 2023/24 at its meeting on 29 March 2023.
30. A revised Medium-Term Financial Plan (MTFP) was brought to the IJB in March 2022. This will be refreshed for March 2023 alongside the budget for 2023/24.

### Risk

31. There are a number of ongoing risks which could impact on the current and future budget position; including:
  - Delivering a balanced budget
  - Managing down the current year cost pressures
  - Maintaining capacity to deliver our services required to meet demand
  - Achieving all required savings on a recurring basis
  - The impact on partner providers including capacity, change and sustainability
  - The ability to meet cost pressures such as prescribing without the flexibility of smoothing reserves
  - The impact of any Covid-19 absence spikes without funding support
  - The impact on people

## DIRECTIONS

32. The running budget reconciliation which forms part of financial directions to our partners is included at Appendix 4 in the revenue budget monitoring report and this mechanism will continue in 2023/24.

## CONSULTATION AND PARTNERSHIP WORKING

33. The Chief Financial Officer is in dialogue with our partners as part of the annual budget setting process. We recognise that our partners are also facing challenges of a similar scale in the coming year.

## CONCLUSIONS

34. It is expected that 2023/24 will be a very challenging year and full budget proposals will be brought to the IJB in March for consideration.

## RECOMMENDATIONS

35. The Integration Joint Board is asked to note:
  - note the report
  - agree the content and process for budget consultation work

## REPORT AUTHOR

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26 January 2023

Chief Officer, IJB: Julie Murray

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Richard McCallum, Director



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Chief Executives, NHS Scotland

Copy to: NHS Chairs  
NHS Directors of Finance  
Integration Authority Chief Officers  
Integration Authority Chief Finance Officers

***Issued via email***

15th December, 2022

Dear Chief Executives

**Scottish Government Budget 2023-24**

Following the announcement of the Scottish Government's Budget for 2023-24 by the Deputy First Minister in Parliament today, I am writing to provide details of the indicative funding settlement for Health Boards. A breakdown of this is provided in **Annex A** to this letter.

The Deputy First Minister has set out this budget in the context of the current cost of living crisis and funding parameters set by the Chancellor of the Exchequer in November 2022. This budget sets out the next steps to deliver the Health and Social Care commitments outlined in the Programme for Government, taking into account the current economic environment and recent Emergency Budget Review.

As in previous years, the position will be subject to any amendments agreed through the Scottish Parliament's Budget Bill process, as well as recognising the further work that we will undertake with you specifically in relation to Covid-19 and pay funding arrangements. I will keep you up to date with any changes to our planning assumptions.

**Budget Uplift**

Compared to 2022-23 budgets, Boards will receive a total increase of 5.9% for 2023-24. This includes recurring funding for pay in 2022-23 and a baseline uplift of 2% for 2023-24. Within this total, those Boards furthest from NRAC parity will receive a share of £23.2 million, which will continue to maintain all Boards within 0.8% of parity.

In terms of pay, given the challenging and uncertain outlook for inflation, the need to conclude some pay deals for the current year and the associated implications for spending baselines, the Government has not set out a public sector pay policy alongside the 2023-24 Budget and we will say more on 2023-24 pay (covering Agenda for Change and other staff groups) at an appropriate point in the new year. As part of Boards recurring adjustments for 2022-23, amounts have been included based on pay offers for Agenda for Change and Medical and Dental staffing in 2022-23. The Agenda for Change pay deal remains subject to agreement, and we will work with Directors of Finance to finalise this position once the outcome is known. I will write to Boards in 2023 to confirm finalised baseline budgets following the conclusion of this work.

## Health & Social Care Levy Funding

I can confirm that the £69.1 million allocated in 2022-23 to support Boards with the costs of the additional National Insurance levy in 2022-23 will remain with Boards. Following the change in policy by UK Government, this funding is not ringfenced and it is to be determined locally how this resource is utilised.

## Covid-19 Funding

Whilst the scale of Covid-19 costs has reduced significantly in 2022-23 and projected to reduce further in 2023-24, we recognise that there are specific legacy costs that will require additional funding support in the new financial year. This includes funding for:

- Vaccinations staffing and delivery;
- Test & Protect activities including Regional Testing facilities;
- Additional PPE requirements; and
- Some specific Public Health measures.

Following today's budget we will seek to provide early clarity as to the total funding to be provided to support these costs. However, beyond the above, NHS Boards and Integration Authorities should expect to meet remaining costs from baseline funding and should continue to drive these costs down as far as possible.

## Policy Funding

In addition to the baseline uplift outlined, funding aligned to policy commitments and recovery of health and social care services will be allocated to Boards and Integration Authorities in 2023-24. It is our intention to provide early indication of allocations, where possible, and to align this to the planning guidance that will be issued in relation to Annual Delivery Plans, setting out the priorities for health and social care in the coming year.

Recognising the level of funding that is provided through in-year non-recurring allocations, and to maximise flexibility in delivery, we intend to review funding arrangements ahead of 2023-24. As part of this work, we will seek to bundle and baseline funding where this is appropriate. We will work closely with both Territorial and National Boards to establish a suitable approach.

## Health and Social Care Integration

In line with previous years, 2023-24 NHS payments to Integration Authorities for delegated health functions must deliver an uplift of 2% over 2022-23 agreed recurring budgets and make appropriate provision for 2022-23 pay.

The Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by non-recurring Interim Care money ending (£20 million).

The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and, therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.

**Capital Funding**

The Health Capital settlement for 2023-24 is in line with the expectations of the Capital Spending Review. Therefore I can confirm that Boards' Capital Resource Limit will be in line with that for 2022-23, plus additional funding will be provided for legally committed projects. The capital programme and commitments is subject to ongoing review by the National Infrastructure Board and the Capital Investment Group, and Boards will be advised at the earliest opportunity on any further allocations for projects in development during 2023-24.

**2023-24 Financial Planning**

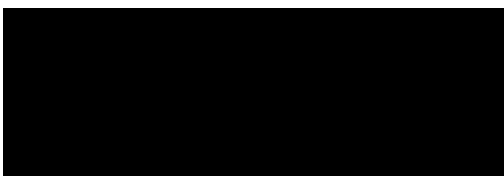
As previously confirmed, where Boards are indicating that financial support is required in 2022-23, we have asked Boards to submit financial recovery plans in the new year, setting out a return to financial balance in the next three years. I expect that Boards are taking proactive steps to develop these plans.

We will be requesting that financial plans for 2023-24 are submitted in the new year and will be issuing guidance to this effect shortly. As noted in my letter on 12 September, all Boards are expected to be engaging with the Sustainability and Value (S&V) programme, reflecting this work at a local level to support delivery of a cost reduction target of 3% per annum and productivity and related improvements in line with the four aims. The S&V board is now meeting regularly as are the working groups taking forward specific ideas. Value propositions have been set out to bring various elements of this work together which will be shared in due course.

Longer term work is required as we move out of recovery, towards transformation and renewal of our health services to deliver world-class, safe, person-centred, and sustainable healthcare for the people of Scotland. This will build on and prioritise specific areas of work in a joined-up way, whilst working in parallel to develop longer term transformation and renewal of our health services.

It is clear that there is significant financial challenge in 2023-24 and we will continue to work closely with Chief Executives to address this. I thank you again for your support to date and your continued engagement moving into the next financial year.

Yours sincerely



Richard McCallum  
Director of Health Finance and Governance

	2022-23 Allocation	Recurring Allocations*	22-23 Pay**	Total 2022-23 Allocation	Uplift***	2023-24 Total Allocation	Uplift from 2022-23	NRAC Funding	Distance from NRAC Parity	HSC Levy Funding (retained by Boards) ****	Uplift from 2022-23 (inclusive of HSC Levy)
	£m		£m	£m	£m	£m	%	£m	%	£m	%
<b>NHS Territorial Boards</b>											
Ayrshire and Arran	806.8	(0.6)	27.4	833.5	16.7	850.2	5.4%	0.0	-0.4%	4.4	6.0%
Borders	234.8	(0.1)	8.0	242.6	6.0	248.6	5.9%	1.1	-0.8%	1.3	6.5%
Dumfries and Galloway	334.1	(0.2)	11.3	345.3	6.9	352.2	5.4%	0.0	1.9%	1.8	6.0%
Fife	749.4	(0.5)	25.5	774.3	16.5	790.8	5.5%	1.0	-0.8%	4.0	6.1%
Forth Valley	598.1	(0.3)	20.3	618.1	13.0	631.1	5.5%	0.6	-0.8%	3.2	6.1%
Grampian	1,072.2	(0.9)	36.4	1,107.7	22.2	1,129.9	5.4%	0.0	-0.4%	5.8	6.0%
Greater Glasgow and Clyde	2,504.0	(1.4)	85.0	2,587.6	51.8	2,639.4	5.4%	0.0	1.7%	13.6	6.0%
Highland	725.6	(0.5)	27.8	752.9	15.3	768.2	5.9%	0.2	-0.8%	3.9	6.4%
Lanarkshire	1,346.8	(0.8)	45.7	1,391.8	32.3	1,424.1	5.7%	4.5	-0.8%	7.3	6.3%
Lothian	1,639.3	(1.3)	55.7	1,693.7	49.6	1,743.3	6.3%	15.7	-0.8%	8.9	6.9%
Orkney	57.1	(0.1)	1.9	59.0	1.2	60.2	5.5%	0.1	-0.8%	0.3	6.0%
Shetland	57.0	0.0	1.9	59.0	1.2	60.1	5.5%	0.0	2.3%	0.3	6.1%
Tayside	856.5	8.7	29.1	894.3	17.9	912.2	6.5%	0.0	-0.7%	4.7	7.1%
Western Isles	84.5	(0.0)	2.9	87.3	1.7	89.0	5.4%	0.0	11.5%	0.5	6.0%
<b>Territorials Total</b>	<b>11,066.1</b>	<b>2.0</b>	<b>379.0</b>	<b>11,447.1</b>	<b>252.2</b>	<b>11,699.2</b>	<b>5.7%</b>	<b>23.2</b>		<b>60.0</b>	<b>6.3%</b>
<b>NHS National Boards</b>											
National Waiting Times Centre	68.1	0.0	6.2	74.3	1.5	75.8	11.3%			0.9	12.8%
Scottish Ambulance Service	305.9	5.6	16.2	327.7	6.6	334.2	9.3%			2.0	10.0%
The State Hospital	40.0	0.0	1.7	41.7	0.8	42.5	6.3%			0.3	7.0%
NHS 24	78.4	5.5	5.0	88.9	1.8	90.7	15.7%			0.7	16.7%
NHS Education for Scotland	492.3	1.4	13.8	507.5	10.1	517.6	5.1%			2.8	5.7%
NHS National Services Scotland	355.3	5.6	10.4	371.2	7.4	378.6	6.6%			1.5	7.0%
Healthcare Improvement Scotland	30.4	1.1	1.4	32.9	0.7	33.6	10.4%			0.2	11.0%
Public Health Scotland	52.1	0.2	3.5	55.8	1.1	56.9	9.3%			0.7	10.8%
<b>Nationals Total</b>	<b>1,422.6</b>	<b>19.5</b>	<b>58.0</b>	<b>1,500.1</b>	<b>30.0</b>	<b>1,530.1</b>	<b>7.6%</b>			<b>9.1</b>	<b>8.3%</b>
<b>Total NHS Boards</b>	<b>12,488.7</b>	<b>21.5</b>	<b>437.0</b>	<b>12,947.2</b>	<b>282.2</b>	<b>13,229.3</b>	<b>5.9%</b>			<b>69.1</b>	<b>6.5%</b>

\* Includes recurring allocations from 2021-22

\*\* Includes estimated funding for Agenda for Change and Medical & Dental pay uplift in 2022-23.

\*\*\* Includes NRAC parity adjustments.

\*\*\*\* Included in Boards 2022-23 Baseline Budgets

An Leas-phrìomh Mhinistear agus Ath-shlànachadh  
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Copy to: Councillor Steven Heddle  
The Leaders of all Scottish local authorities

15 December 2022

Dear Shona,

Today I formally set out the Scottish Government's proposed Budget for 2023-24 in a statement to the Scottish Parliament. I write now to confirm the details of the local government finance settlement for 2023-24.

As discussed when I met with you, the Resources Spokesperson, and Group Leaders on 1 December, we are facing the most challenging budget circumstances since devolution. This is primarily due to over a decade of austerity eroding financial settlements from Westminster, compounded by the impact of Brexit and the disastrous mini-budget. Scottish and local government are experiencing unprecedented challenges as a result of the UK Government's economic mismanagement, resulting in rising prices and soaring energy bills, with inflation estimated to be running at a 41 year high of 11.1% at the time of the Chancellor's Autumn Statement.

My Cabinet colleagues and I have engaged extensively with COSLA Leaders and spokespersons over the course of the year and there is collective understanding that this economic context is also having a significant impact upon local authorities. Councils, like the Scottish Government and rest of the public sector, are working hard to support people through the cost crisis. In this regard we are hugely grateful to councils for their hard work and we fully appreciate that no part of public life has been immune from taking deeply difficult decisions to live within the current fiscal reality.

I have already taken the unprecedented step of making a statement to Parliament to reprioritise over £1.2 billion of funding as part of my Emergency Budget Statement. Despite the scale of that challenge the Scottish Government actively chose to protect Councils during

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that exercise and increased the funding available to councils whilst most other portfolios were required to make significant savings.

The Scottish Government's revenue raising powers offer limited flexibility to deal with challenges of this magnitude. I wrote to the Chancellor on 19 October to highlight the impact of inflation on the Scottish Government's budget and to call for additional funding to help us deal with these inflationary pressures and to support public services.

As we face these challenges, and in the absence of meaningful change in direction by the UK Government, we need to work together to ensure that we deliver for people within the financial constraints we have. I very much welcomed the open discussion on 1 December about how we focus our efforts on our shared priorities, and to that end we are offering to jointly develop an approach to working within this budget which delivers our ambitions.

### **The Local Government Settlement**

Before turning to that offer, I will first set out how I have sought to support local government through the budget itself.

The Resource Spending Review guaranteed the combination of General Revenue Grant and Non-Domestic Rates Income at existing levels between 2023-24 and 2025-26 including the baselining of the £120 million that was added in Budget Bill 2022-23. The Budget delivers those commitments in full, despite the fact that the UK Government's Autumn Statement reversed their previous position on employer National Insurance Contributions resulting in negative consequentials. This decision has conferred around £70 million of additional spending power for local government.

The difficult decisions in the Emergency Budget Statement provided one-off additional funding to support enhanced pay deals for local government staff. We recognise the role that increasing pay for local authority employees, especially those on lower incomes, plays in helping more people cope with the cost crisis, but the fact remains that every additional pound we spend on recurring pay deals, must be funded from elsewhere within the Scottish Government budget. I therefore hope that councils will welcome the fact that the budget baselines the additional £260.6 million allocated in 2022-23 to support the local government pay deal and also delivers additional funding to ensure that payment of SSSC fees for the Local Government workforce will continue to be made on a recurring basis.

Despite the challenging budget settlement I have sought to increase funding as much as I can. I have been able to increase General Revenue Grant by a further £72.5 million, taking the total increase to over £550 million. I have also ensured that we have maintained key transfers worth over £1 billion and added a further £102 million of resource to protect key shared priorities particularly around education and social care.

The Resource Spending Review also confirmed the outcome of the 2021 Capital Spending Review and this has been supplemented by £120.6 million mentioned as part of the support to the local government pay deal plus a further £50 million to help with the expansion of the Free School Meals policy.

With regards to that wider settlement, we are providing £145 million to be used by councils to support the school workforce. The Cabinet Secretary for Education and Skills has written separately to COSLA on this matter.

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I am also very grateful for the work undertaken through the Early Learning and Childcare Finance Working Group to develop and scrutinise detailed analysis of the delivery costs for the 1140-hour commitment. This is crucial to ensuring we meet our shared commitment to providing transparency and value for money in a significant programme of public sector investment. The Early Learning and Childcare settlement for 2023-24 takes account of significant declines in the eligible population in recent years and makes provision for important policy and delivery priorities based on feedback from COSLA and local government colleagues.

As set out in separate detailed communications, the Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by the non-recurring interim care money ending (£20 million).

The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.

The consolidation of funding into the new £30.5 million homelessness prevention fund not only reflects the importance local and national government jointly place on homelessness prevention and earlier intervention, but also simplifies the homelessness funding landscape. This provides more flexibility for council and greater clarity for citizens who want to understand how national and local government are working jointly to improve outcomes.

In total, including the funding to support the devolution of Empty Property Relief, the budget increases the local government settlement by over £550 million relative to the Resource Spending Review position.

I am conscious of the position you set out to me, and the challenges which councils will still face, like all parts of the public sector, in meeting current and emerging demands from within this budget. Therefore, I am offering to continue to work with you with real urgency in the coming weeks to determine how we might jointly approach these challenges and ensure sustainable public services to support our shared priorities now and in the future.

### **Delivering for People and Communities by Working Together Flexibly**

Through the Covid Recovery Strategy, Scottish Government and Local Government, committed to work together to address the systemic inequalities made worse by Covid, to make progress towards a wellbeing economy, and accelerate inclusive person-centred public services.

We must sustain this focus on the outcomes we care most deeply about, in particular:

- i) tackling child poverty,

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- ii) transforming the economy to deliver net zero, and
- iii) sustaining our public services.

No single part of the public service landscape can deliver these outcomes alone. We need to work in partnership to deliver outcomes for people and places across Scottish and local government as our two spheres of government, recognising our joint accountability for change. Local service providers have the critical relationships with people and communities and must be empowered and enabled to organise services around their needs, rather than the funding stream, policy area or body delivering. By doing so, we will collectively reduce complexity and barriers for people, deliver improved outcomes and reduce inequalities among communities in Scotland, and enable the fiscal sustainability of key public services.

Strong local leadership will make this approach work in practice, supported by a national vision and learning from good practice. Community Planning Partnerships are the mechanism in which we need to see a collective and intensive effort to align available resources into prevention and early intervention focused on delivering shared outcomes for people and place. Local authorities have the leading, critical role in CPPs, but CPPs also involve a range of public bodies which must play their part, alongside local third sector and community bodies.

The Scottish Government is committed to building trust and maximising benefits for our citizens and communities. We will act to:

- align budgets to maximise impact on outcomes;
- remove barriers which hinder flexibility in funding, and in the design and delivery of services around people, helping to embed the service changes flowing from this;
- require our partner public bodies and agencies to work collaboratively within CPPs to deliver shared outcomes, take action to address local priorities and align local funding, this will be supported by our Place Director network;
- enable third sector partners to participate and contribute in local plans, including through flexible funding.

Local authorities are key partners in this endeavour. Through COSLA, we will invite local authorities to work with us to:

- prioritise spending to agreed key outcomes for which we are jointly accountable, with clarity as to the way in which we will work together to secure and measure success;
- ensure that joint plans of activity across Community Planning Partnerships can deliver those outcomes in a way which reflects the needs of a local communities, and to robustly account for delivery of these plans;
- share resources across CPPs to deliver these activities in whatever way is most effective;
- continue to share and learn from best practice nationally and locally to embed person centred approaches that work for individuals and communities, and reduce barriers and duplication in our joint systems.

We will seek to agree jointly how to put this commitment into operation practically over the coming months and to develop robust assurance that demonstrates delivery of critical priorities and reform. We need to be data driven and transparent, reflecting the accountability which comes with responsibility. Scottish and Local Government need to agree metrics and mechanisms for monitoring impact and outcomes, so that intervention and resource can be

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targeted where it is most needed to secure improvement. This will include seeking to reduce unnecessary reporting.

This approach is aimed at building trust and relationships and as well as adopting it through this budget, it will be reflected in the partnership agreement that will underpin the New Deal for Local Government set out in the Resources Spending Review. In order to offer flexibility across funding and work towards removal of ring fencing, the Scottish Government will need clear commitment from local government about delivery of agreed joint outcomes.

The Cabinet Secretary for Social Justice, Housing and Local Government would welcome an initial discussion on this when you meet next week at the Strategic Review Group, in order to pave the way for work at pace among our officials.

## **Non-Domestic Rates and Other Local Taxation Measures**

As Leaders will be aware, the 1 April 2023 marks the date of the next Non-Domestic Rates revaluation, and the first to reflect the reforms introduced by the independent Barclay Review of Non-Domestic Rates. These reforms, including the move to three-yearly revaluations and a one-year tone date, will ensure that property values more closely align with prevailing property market conditions in Scotland.

The Budget freezes the poundage and acknowledges the impact of the revaluation by introducing a number of transitional reliefs to ensure that any properties which see significant increases in their rates liabilities following the revaluation do so in a phased manner. The Barclay Review also recommended a number of reforms to the Non-Domestic Rates appeals process which are critical to ensuring the deliverability of the three-yearly revaluation.

The new two-stage appeals process will commence on 1 April 2023 alongside the transfer of functions of Valuations Appeals Committees to the Scottish Courts and Tribunals Service. The Non-Domestic Rates (Scotland) Act 2020 and subsequent regulations have, amongst other things, provided Assessors and Councils with greater information-gathering powers and have also increased the transparency of the process for ratepayers including, for the first time, the provision of draft values on 30 November 2022. These reforms are intended to reduce the reliance on the formal appeals process to deliver accurate rateable values and the Act also provided a legal basis for the pre-agreement of values.

Many of the reforms of the Barclay Review seek to incentivise behaviour changes to deliver a more effective and efficient system. Reflecting the ability to pre-agree values and the importance of building resilience in the new appeals system to support the transition to more frequent revaluations, Ministers plan to make administrative changes to the funding treatment of appeals associated with public sector bodies, including councils.

The current system essentially sees the public sector challenge other parts of the public sector with private sector advisor fees effectively extracting resources from public services. The conclusion of the process determines funding allocations outside the remit of the annual budget framework with successful public bodies benefiting financially to the detriment of other ratepayers and public services. The volume of public sector appeals also serves to delay access to justice for other appellants.

Ministers do not believe that this offers value for money for the public. Whilst the right to propose and appeal will remain, to incentivise the use of the pre-agreement powers and

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discourage the continued reliance on the formal appeals process, from 1 April 2023, all bodies, including councils, who receive their funding through the Scottish Government budget process, will see the financial incentive for proposing and appealing removed.

Where a property occupied by a public body is subject to a successful proposal or appeal, the financial benefit from the reduction in rateable value will result in a downward re-determination of revenue allocations at a subsequent fiscal event. On this basis, Ministers will be encouraging all public bodies to begin the process of pre-agreement with their local assessors ahead of 1 April 2023 to ensure that values are accurate prior to the start of the revaluation and that this approach be adopted by default for future revaluations.

The Non-Domestic Rates (Scotland) Act also had the effect of abolishing Empty Property Relief as agreed with the Scottish Green Party a part of the 2019-20 Budget process. Unoccupied properties will therefore be liable for full rates from 1 April 2023 if relief is not available under a local scheme. To effectively devolve responsibility for the relief and provide greater fiscal empowerment for council, as agreed by the Settlement and Distribution Group, the budget provides an additional £105 million of General Revenue Grant, significantly more than the cost of maintaining the national relief in light of the subsequent decision to freeze the poundage.

In addition, following consultation with members of the Institute of Revenues, Rating and Valuation, we will bring forward regulations intended to empower councils to tackle rates avoidance more effectively. In combination, the funding transfer and the proposed new powers will provide significant additional fiscal flexibility to councils to administer support for unoccupied properties in a way that is tailored to local needs.

Furthermore, I can confirm that the Scottish Government will not seek to agree any freeze or cap in locally determined increases to Council Tax, meaning each council will have full flexibility to set the Council Tax rate that is appropriate for their local authority area. I do hope that councils will reflect carefully on the cost pressures facing the public when setting council tax rates.

We are also committed to expanding councils' ability to raise additional revenues and discussions among our respective officials have commenced to identify a structured approach to future potential local taxes. At the same time, councils now have the power to establish local workplace parking levy schemes and our work to introduce a local visitor levy bill in this parliamentary session is on track.

Finally, I am conscious that, while it is not directly applicable to Local Government pay negotiations, many stakeholders have used Public Sector Pay Policy as a reference point in previous years. For this reason, I feel it is important to highlight to you that we have taken the decision not to announce pay uplifts or publish a Public Sector Pay Policy for 2023-24.

There are a number of reasons for this, not least among them the desire to approach pay negotiations differently for 2023-24, the imperative for reform and the need to ensure the sustainability of public sector pay and workforce arrangements. This does not change our view that our job in the midst of a cost crisis is not to press down on pay, particularly the most vulnerable. We will be sharing further guidance in relation to 2023-24 pay at an appropriate point in the new year which is likely to be considered by Trade Union colleagues relevant in Local Government pay negotiations, if you agree I will ask my officials to engage

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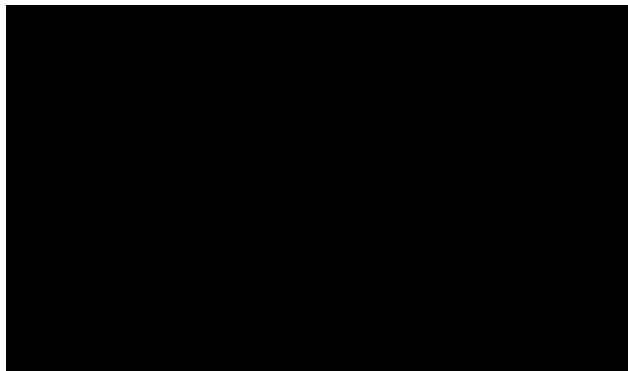


with COSLA officers as this develops to determine if you might wish to formally endorse or adopt it.

I am under no illusions about the challenging fiscal environment we face across all of our public services over the next few years but I have sought to protect the local government settlement as far as possible with an overall settlement of over £13.2 billion. The budget goes significantly beyond the commitments made in the Resource Spending Review. It provides substantive additional funding and it does not pass on the negative consequential for employer national insurance contributions resulting from of the Autumn Statement. Importantly, it provides a number of fiscal and policy flexibilities. Alongside the settlement, I hope my offer to build on the Covid Recovery Strategy will be warmly and urgently received, to enable us to make urgent progress on the New Deal.

I want us to work in partnership, to build on the Covid Recovery Strategy and agree an approach which improves delivery of sustainable public services, designed around the needs and interests of the people and communities of Scotland, at its heart.

I would welcome confirmation that you are supportive of the proposed joint work outlined above and I look forward to working with COSLA and Leaders in the months ahead to deliver on our shared priorities.



**JOHN SWINNEY**

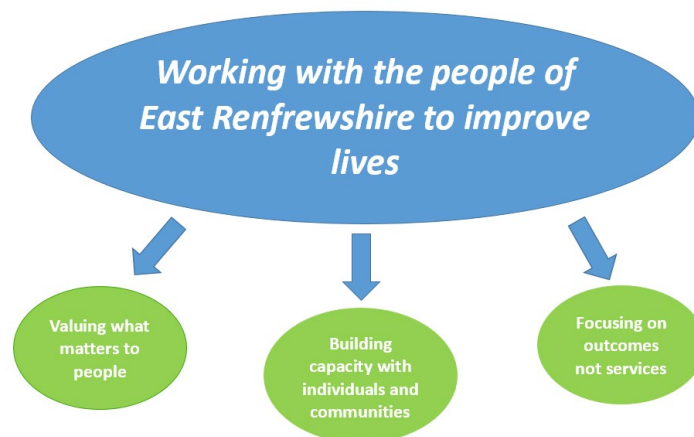
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## 1. Introduction Message from Chair of the IJB and Chief Officer

East Renfrewshire Health and Social Care Partnership delivers a wide range of services for the residents of East Renfrewshire and hosts specialist Learning Disability services on behalf of the six health and social care partnerships within NHS Greater Glasgow and Clyde. The HSCP also provides a very specialist service for all of Scotland supporting people with very specialised communication needs.

Our vision “Working together with the people of East Renfrewshire to improve lives”, was developed in partnership with our workforce and wider partners, carers and members of the community. This vision sets our overarching direction and we have developed integration touchstones to progress this vision. The vision includes three touchstones which guide everything we do as a partnership.



Our population is growing and there is particular growth for our younger and older residents, who make the greatest use of universal health services. There has been significant growth in our most elderly population with a 44% increase in the number of residents aged 85 years and over in the last decade. The 85+ population is projected to increase by 18% between 2019 and 2024. People over 80 make the greatest use of hospital and community health and social care services.

The resources available to the HSCP for 2023/24 are not enough to allow us to continue to deliver the same range and amount of services as we do now and along with the rest of the public sector in Scotland we are facing a very challenging year ahead.

We want to use this budget engagement exercise to seek your views and ideas to help us shape proposals for the coming year. This will help inform how we can look at the coming year and use the resources we have in the most efficient way.

We appreciate this is not any easy task but we would encourage you to work alongside us as your participation will support the difficult decisions we will have to take. Thank you for taking part in this engagement work.

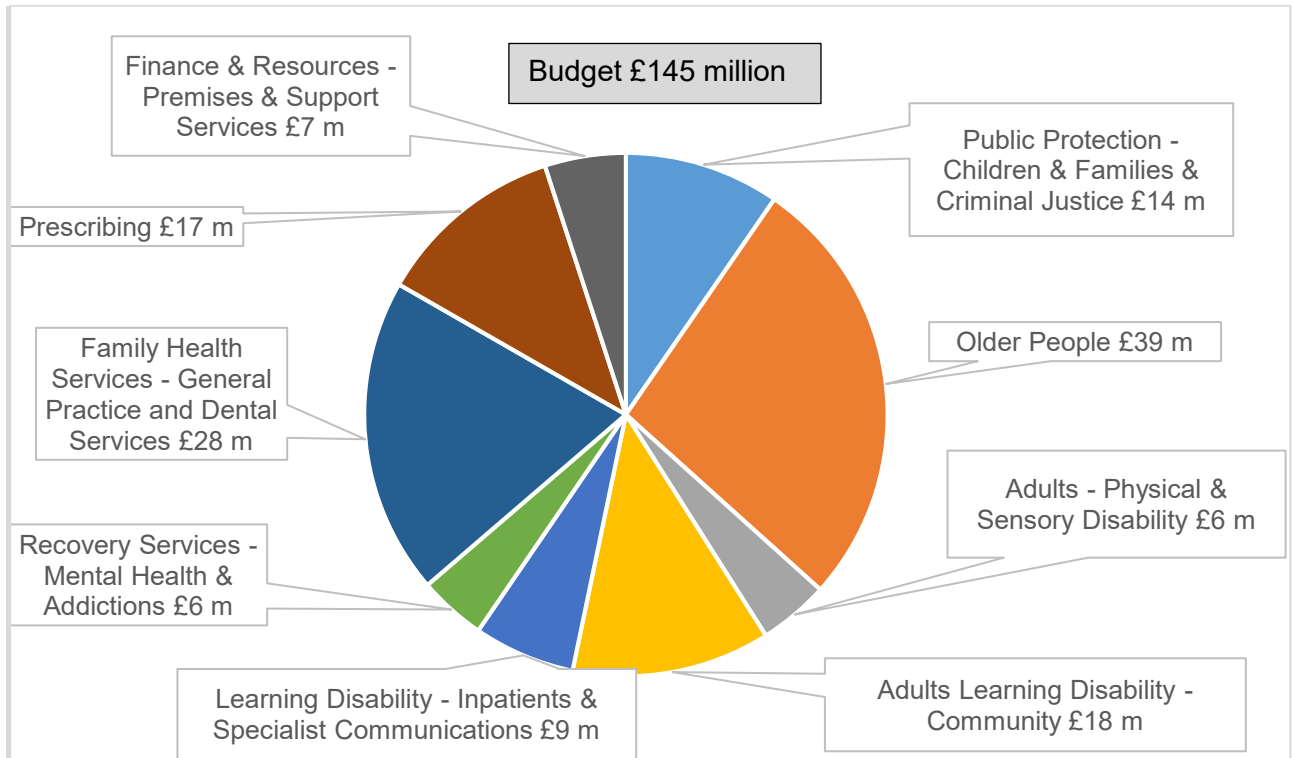
Anne-Marie Monaghan  
Chair of the Integration Joint Board

Julie Murray  
Chief Officer

## 2. Our Funding

We receive the vast majority of our funding from our two partners East Renfrewshire Council and NHS Greater Glasgow and Clyde as well as any specific grant funded initiatives from the Scottish Government and / or partner organisations.

Our revenue budget for 2022/23 of £145 million is spent delivering a range of health and social care services for the residents of East Renfrewshire.



Older Peoples Services is our biggest area of spending at £39m and includes Care at Home and Residential & Nursing Care commissioned services and Bonnyton House, as well as a number of community services including social work and district nursing

Family Health Services at £28m is the cost of providing GPs, family dental and ophthalmic services within East Renfrewshire. This is a national contract and we cannot vary the cost.

Adults with Learning Disabilities Community based services are around £18m and include supported living, community pathways, community based nursing and advocacy. It also includes community based health and social care support for people to live independently.

Prescribing costs around £17m each year which arises mainly from the prescriptions issued by GPs. This is a cost we cannot directly control but we work closely with our GPs to contain costs within budget as far as possible.

Public Protection at £14m includes Children & Families and Criminal Justice services. This includes social work support, adoption, fostering and kinship placements as well as residential care. Specialist childrens mental health and health visitors also support families and children through many different programmes which are included in this spend.

Learning Disability Inpatient services cost £9m and provides specialist hospital support across all of NHS Greater Glasgow & Clyde. East Renfrewshire host this service on behalf of all 6 HSCPs within the health board area.



The Finance & Resources £7m covers a wide range of support services including finance, governance, administration, systems and change. This also includes property and overhead costs for the HSCP.

Support to Adults with Physical & Sensory Disabilities is around £6m per year and allows people to live independently in their own homes with care, support, equipment and adaptations they have been assessed as needing.

Recovery Services at £6m provides support for those with mental ill health and problematic drug and alcohol use through a range of services. It includes nursing and specialist care, rehabilitation and housing support.

### **3. Setting a Budget for 2023/24**

The Integration Joint Board is required to set a budget for the HSCP each year and will do this at its meeting on 29 March 2023.

In preparation for this meeting work is ongoing to identify options to close the expected funding gap following the Scottish Government proposed budget set out on 15 December 2022.

There are still a number of costs to be finalised but the planning assumption for the shortfall ranges between £5 million and £10 million based on low / medium and high modelled scenarios. This is the remaining challenge after the HSCP has identified £2.2 million of savings to be taken in 2023 as part of our Recovery & Renewal programme as we reposition ourselves post pandemic.

Whilst we hope these pressures may reduce by March 2023 it is very likely we will still have to make very significant savings. This could be 5% to 10% of the budget after we exclude some costs that are fixed and cannot be included such as the GP contract and prescribing.

There are some contractual costs that are set by national frameworks and this also ensures the living wage is paid to care staff. We cannot make any changes to the price, but we can influence the amount of service we need to purchase.

In the past we have had a focus on investment work that supports prevention and early intervention to avert crisis, as well as providing care to those whose needs are the most complex. In the coming year we will have to introduce a prioritisation framework and this will mean that only those with the greatest level of need will receive services.

As an illustration, when our Care at Home workforce capacity was reduced this meant that only those whose care needs were of the highest level received a homecare service over the Christmas period. The significant pressure on our finances may drive us to only providing support to those in greatest need across all our services going forward. This means preventative and early intervention work is unlikely to be an option.

We need to work with our network of partners to look at how we can all collectively support our residents going forward. We know that the longer term impact of moving away from a focus on prevention will lead to greater complexity of needs and demand in future years, but our limited resources leave us no option.

The HSCP staffing levels will need to be rationalised and we will aim to do this on a voluntary basis as far as possible. We will need to be opportunistic where vacancies arise and maximise any flexibility we can. Our staff have demonstrated time and time again their commitment and willingness to work in so many different ways over the last three years and we will be asking so much more of them.

The feedback from this engagement exercise will be shared with the IJB before it considers setting the budget for the HSCP on 29 March 2023.

## **Budget Engagement Questions**

1. What is important to you that makes a difference that you wouldn't want to change?
2. Is there anything you think the HSCP should stop doing?
3. Is there anything you think the HSCP should do more of that might help our financial situation, whilst still meeting the needs of those we support?
4. How could the HSCP services deliver things differently?
5. How can we collectively respond to all our peoples needs if the HSCP can only support those with the highest level of need?
6. From your knowledge or experience are there any concerns about changes to services that may have an impact for groups of people with specific needs?
7. Do you have anything else you may want to add?

## **Some Information to consider**

The HSCP has worked in many different ways over the course of the pandemic and we are building on new ways of working as part of our Recovery and Renewal Programme. As part of your response you may wish to consider the impacts of:

- More joint working with community partners – how could we all benefit from expanding this approach?
- What would we collectively need to do this? Examples may include access to resources, buildings or training.
- Are there any areas we could invest in that would allow us to deliver more services at a lower cost?
- Could the HSCP use its building differently, particularly where more community based and / or virtual services have evolved as part of how we worked during the pandemic?

## **Engagement Timetable**

The table below sets out the HSCP Budget Engagement Programme that will be delivered through our Partnership Engagement Network and the HSCP Strategic Partnership Project Officer will co-ordinate sessions and responses.

In addition to the dates listed further discussions will also take place, through focus groups, with partners we have previously engaged with and this will include Sheltered Housing representatives, Acumen, Dunterlie Community Centre, Age Concern and RAMH with possible further sessions.

Date / Time	How	Who with
February 1 <sup>st</sup>	Engagement Approval	Integration Joint Board
February 6 <sup>th</sup> – March 4 <sup>th</sup>	SMT Leadership (Chief Officer and Heads of Service)  TEAMS SESSION/S dates tbc	Public, partners and community
February 8 <sup>th</sup> 10.30-12	In person focus group	Your Voice
February 14 <sup>th</sup> 10.30-12 1.30-3pm	TEAMS SESSION	Care and Support Providers
February 16 <sup>th</sup> 1.30- 3pm	TEAMS SESSION	Care Home Providers
February 20 <sup>th</sup> 10.30-12 1.30-3pm	TEAMS SESSION	3 <sup>rd</sup> Sector Organisations
February 22 <sup>nd</sup> 10.30-12 7.00-8.00pm	ZOOM SESSION	Carers
February 23 <sup>rd</sup> 10.30-12 7.00-8.00pm TBC /proposed	WEBINAR SESSION	Public and Community Groups
February 23 <sup>rd</sup> 2.00- 4pm	TEAMS SESSION	Strategic Planning Group
Dates TBC	In Person focus group	Carers
Dates TBC	In Person focus group	SDS Forum
Dates TBC	1-1 TEAMS SESSIONS	Care Home Managers

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